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Workers' Compensation Board Superannuation Plan

2007 ANNUAL REPORT

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Workers' Compensation Board Superannuation Plan

2007

Annual Report

April 1, 2006 to March 31, 2007

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Message from the Trustees

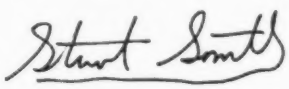
We are pleased to present our annual report for the fiscal year ending March 31, 2007. The plan continues to be healthy and post satisfactory returns. We welcome all new members to the Workers' Compensation Board Superannuation Plan.

The plan is financially sound and at March 31, 2007 had assets totalling $935 million, an increase in assets of $102 million since March 31, 2006. The most important issue for any pension plan is long-term results, and we're committed to achieving consistent and steady performance over the long term.

Every three years, an independent actuary assesses the financial health of the plan and the adequacy of contribution rates. The most recent actuarial valuation as at March 31, 2006, disclosed a net actuarial surplus of $46 million. Your plan continues to be healthy and has registered satisfactory returns. The next actuarial valuation will be as at March 31, 2009, and the trustees anticipate receiving a report late in 2009. A summary of those results will appear in the 2010 Annual Report.

Part of your pension includes an annual increase, called indexing, to offset rises in the cost of living. The plan cannot guarantee that you will receive pension increases each year to cover cost of living increases. However, once granted, these increases become part of your guaranteed basic pension.

We've collaborated with the British Columbia Pension Corporation to provide you with prompt, friendly and efficient service, and we promise to continue in our efforts to make your retirement process easy. We're committed to ensuring your pension plan is well managed, and we look forward to continuing to work on your behalf to fulfill the pension promise. Your basic pension is guaranteed.



Stuart Smith

Sid Fattedad

Trustees as at March 31, 2007

Plan Member Representative
Stuart Smith

Workers' Compensation Board Representative
Sid Fattedad

Plan Governance

The **Workers' Compensation Board (WCB)** is responsible for the management of the pension plan, including the investment of the assets and administration of the plan. The WCB appoints plan trustees. Currently there are two trustees; one representing the WCB as the employer and one representing plan members.

The **British Columbia Pension Corporation** provides benefit administration services to the pension plan as an agent of the Workers' Compensation Board. The corporation enrols members, collects contributions, processes benefits and issues pension payments.

The **British Columbia Investment Management Corporation (bcIMC)** is one of Canada's largest investment managers and administers more than $83 billion in assets. As a global investor supported by industry-leading investment expertise, bcIMC offers fund management services for all major asset classes, including currency and infrastructure investments. bcIMC's clients include public sector pension plans, provincial government, public trusts, and insurance funds. They provide investment management services as an agent of the Plan.

Communications

Communicating with plan members is a priority of the trustees. The Pension Corporation continues to improve the effectiveness of our pension information by ensuring all publications are easy to understand and easy to use. The plan produces the annual *Member's Benefit Statement*, and new and updated communications products are regularly published. Our website provides excellent pension plan information for members. The WCB pension website can be accessed at **pensionsbc.ca**.

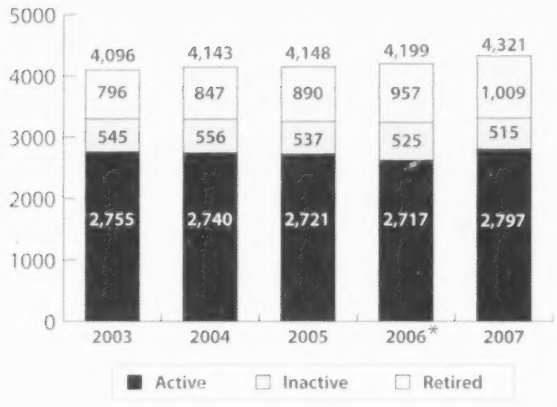
Plan Membership

There are three types of members in the Workers' Compensation Board Superannuation Plan.

- **active**—those currently contributing, or on an approved leave of absence, or receiving benefits from an approved salary continuance plan
- **inactive**—those who have terminated their employment and left contributions in the plan. They may or may not be eligible for a pension in the future
- **retired**—those receiving a pension, including those receiving a disability pension

Number of Members

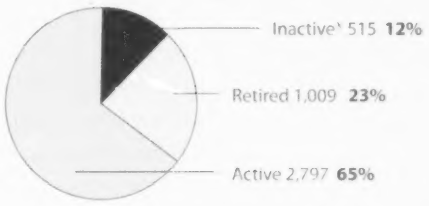
as at March 31



*corrected

Membership Profile

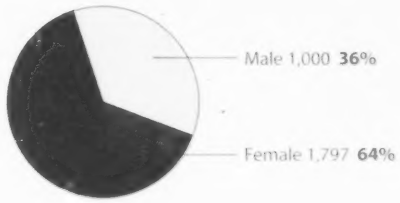
as at March 31



* Members no longer employed, but with money in the plan.

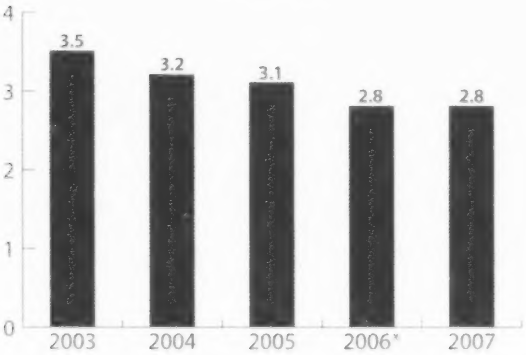
Active Member Profile

as at March 31



Ratio of Active Members to Retired Members

as at March 31



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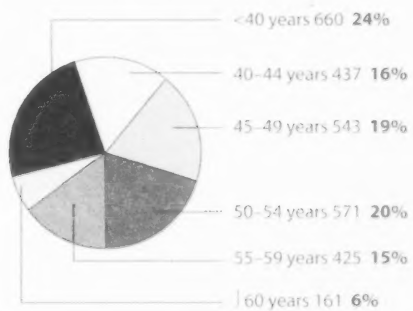
Age Profile of Active Members

as at March 31



Contributions

Members of the Workers' Compensation Board Superannuation Plan contribute to the plan through automatic deductions from their salary. Both plan members and WCB pay contributions to fund future pension benefits. Once a member terminates employment, retires, or reaches 35 years of pensionable service, they no longer contribute. The contribution rates in the table below are applied to pensionable salaries. The current rates are as follows:

Plan Member

- 5.5% of pensionable salary up to and including the YMPE*, and
- 7.0% of pensionable salary for salary in excess of the YMPE.*

Employer

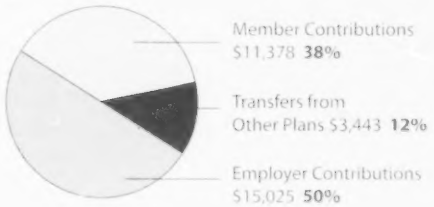
- 7.5% of pensionable salary up to and including the YMPE* and
- 9.0% of pensionable salary for salary in excess of the YMPE.*

* Year's Maximum Pensionable Earnings (YMPE) is the earnings limit on which you make Canada Pension Plan contributions. The 2006 YMPE was $42,100 and in 2007 was increased to $43,700.

Contribution Revenue

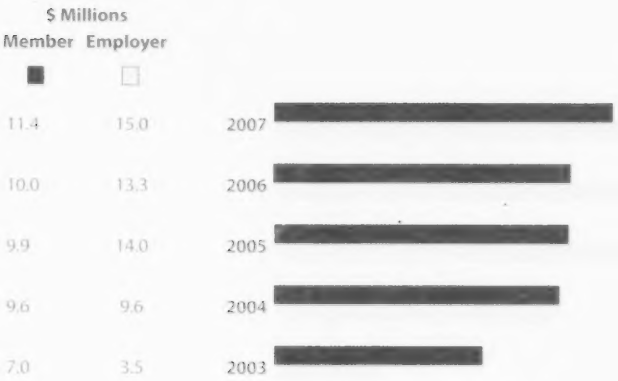
Year ended March 31, 2007

$ Thousands



Contributions

year ended March 31



Plan Benefits

Basic Pension (Guaranteed)

Plan benefits are defined by the pension plan rules. The basic pension benefit is defined, meaning the pension is based on how many pensionable years the member has accrued in the plan, the average of the best five years of salary (not necessarily the last five years) and age at retirement. The pension is not based on contributions to the plan, nor is it based on the investment performance of the plan's assets. The advantage of a defined benefit plan is that the pension is predictable. Members are entitled to a pension benefit after two years of contributory service and after having reached a qualifying age. The plan also provides survivor and disability benefits.

At March 31, 2007, the plan provided pensions to 1,009 retired members, an increase of 5.4% from the previous year.

The basic pension is paid from the basic account of the plan.

Indexing (Non-guaranteed)

Indexing is a non-guaranteed cost-of-living supplement to the basic pension. It is paid only to the extent that there is sufficient money in the inflation adjustment account (IAA), which is funded by member and employer IAA contributions to the plan. While future increases are not guaranteed, inflation supplements, once granted, become part of the basic, guaranteed benefit.

On January 1, 2007, retired members received a full Consumer Price Index (CPI) increase of 0.7% (2006—3.4%). The plan transferred $1.3 million (2006: $5.3 million) from the IAA to the basic account to cover the capital cost of the indexing. Inflation increases to the pension may be provided each year based on changes in the CPI. (See Note 6 to the Financial Statements).

The trustees monitor the plan's ability to continue to provide non-guaranteed indexing benefits.

Pensions 2003–2007

Year Ended March 31

				$ Millions		
Year ended March 31	New Pensions during Year	Pension Terminations	In Force at End of Year	Basic Pensions Paid	Inflation Supplements Paid	Total Pensions Paid
2007	**71**	**19**	**1009**	**$ 16.4**	**$ 3.2**	**$ 19.6**
2006	86	19	957	14.6	2.9	17.5
2005	62	19	890	13.0	2.7	15.7
2004	73	22	847	11.9	2.5	14.4
2003	63	12	796	10.6	2.3	12.9

New Pensions, by type 2003–2007

Year ended March 31	Regular*	Disability+	Deferred	Total
2007	**49**	**9**	**13**	**71**
2006	69	5	12	86
2005	52	1	9	62
2004	60	5	8	73
2003	54	1	8	63

* New pensions do not include any pension continued to a beneficiary upon the death of a retired member.
\+ Includes members on long-term disability who became eligible for a regular pension.

Average Value of New Regular Pensions April 1, 2006 to March 31, 2007

Subdivided by years of service

Years of Service *	Number of Pensions Granted	Average Annual Salary Base	Average Annual Pension	Average Present Value of Pensions	Total Present Value of Pension ($ Millions)
<10 yrs	3	$ 51,000	$ 7,100	$ 96,000	$ 0.3
10–14	4	61,000	13,100	202,000	0.8
15–19	7	89,000	30,100	408,000	2.9
20-24	6	66,000	24,200	374,000	2.2
25–29	15	67,000	33,700	480,000	7.2
30–34	14	72,000	43,000	683,000	9.6
35	-	-	-	-	-
Total	**49**	**n/a**	**n/a**	**n/a**	**$ 23.0**
Average of all Pensions	n/a	$70,000	$31,400	$469,000	n/a

* Years of service includes service transferred from other plans.

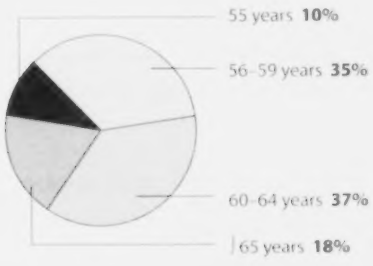
New Regular Pensions, by Age at Retirement

Subdivided by years of service and age at retirement

Years of Service	55	56–59	60–64	≥65	Total
<10 yrs	-	-	2	1	3
10–14	1	-	1	2	4
15–19	-	2	4	1	7
20–24	1	1	2	2	6
25–29	1	7	6	1	15
30–34	2	7	3	2	14
35	-	-	-	-	-
Total	**5**	**17**	**18**	**9**	**49**
Average years	**25**	**27**	**21**	**20**	**24**
Average age					**59**

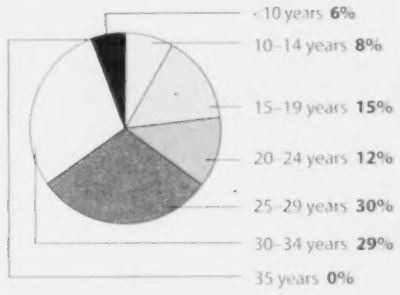
Percentage of New Regular Pensions By Age at Retirement

Normal Retirement Age 65



Percentage of New Regular Pensions by Years of Service

Normal Retirement Age 65



Termination and Refund Benefits

A terminating member may be eligible for one or more of the following benefits:

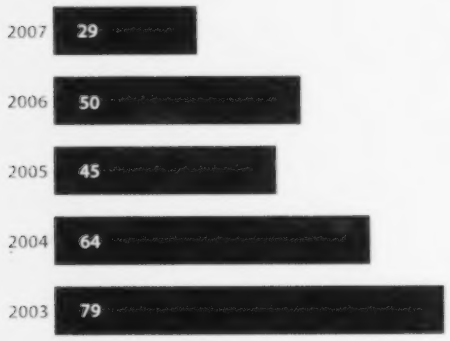
- a deferred pension;
- a refund of contributions with interest; or
- a transfer of the commuted value of the pension benefit to a locked-in registered retirement savings plan or a registered pension plan.

After January 1, 1998, a terminating member with two or more years of service can claim vested, locked-in benefits in the form of a transfer of the commuted value or a deferred pension.

The number and value of termination benefits paid can vary from year to year. In the 2007 fiscal year the number and value of termination and refund benefits decreased.

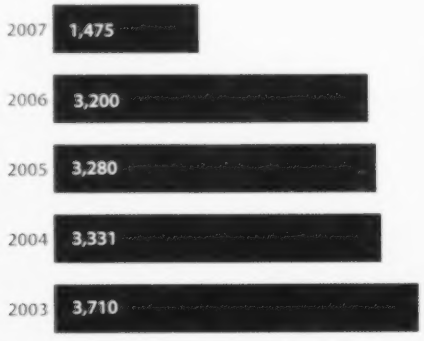
If a non-vested member leaves the plan and takes a refund of contributions, the refund includes interest. Interest compounds annually and is credited to the member's contribution balance. The balance, including interest, is included in the annual *Member's Benefit Statement*.

Number of Termination and Refund Benefits Paid
year ended March 31



Value of Termination and Refund Benefits Paid
year ended March 31

$ Thousands



Termination and refund benefits paid include refunds of contributions and commuted value payments; deferred pensions are included in pension statistics.

Transferring Service

Transfer agreements allow pension plan members to carry pension rights from one plan to another. Members may carry their years of pensionable service and contributions to a new plan, at a different place of employment, if the new plan has an agreement with the Workers' Compensation Board Superannuation Plan. Employers that allow pension plan members to transfer their pension rights to other pension plans are called "reciprocal employers." In order to transfer service, the member must have left their contributions on deposit. Service may not always be transferred on a one-to-one basis, but depends on differences in plan benefits. Members of the WCB Superannuation Plan who have made contributions to another pension plan may want to inquire about transfer agreements.

Under the B.C. Public Sector Pension Transfer Agreement of April 1, 2004, transfer agreements are in place between the WCB Superannuation Plan and the BC public sector plans (College, Municipal, Public Service and Teachers'). In the 2007 fiscal year, there were 30 reciprocal transfers in from other pension plans and 17 transfers out. The transfers-in totalled $3.4 million; transfers-out totalled $2.1 million.

Purchase of Additional Service

Members of the Workers' Compensation Board Superannuation Plan may be able to increase their future pension benefits by purchasing periods of past service. Purchasing service means paying for periods of employment that have not already been counted as service with the pension plan. This service may include:

- leaves of absence (maternity, parental, or other leave)
- arrears contributions (not enrolled but eligible to buy back missed contributions)
- other service (employment service before becoming a regular contributor), or
- reinstatements (contributions previously refunded from the plan).

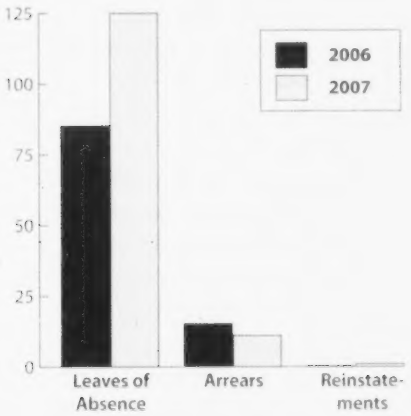
In the 2007 fiscal year the number of purchases of additional service increased 37% from the 2006 fiscal year. However, the value of the purchases increased 42%.

Member and WCB Purchases of Additional Service

Year Ended March 31

Number of Purchases

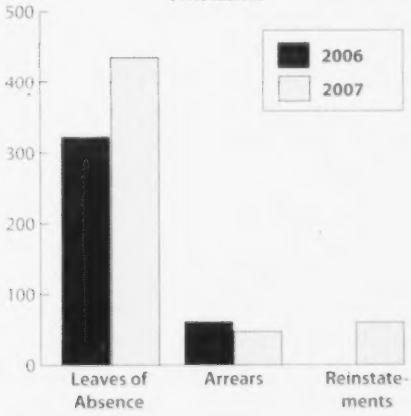
year ended March 31



Value of Purchases

year ended March 31

$Thousands



There were no "other service" purchases in 2006 or 2007.

Investments

Market Review

One of the major fiduciary roles of the trustees is the responsibility for overseeing the investment of approximately $930 million in assets on behalf of the plan members. Generating strong long-term investment results is the key to mitigating the costs of meeting the plan's payment obligations. Accordingly, the board of trustees investment goal is to achieve consistent long-term returns through a disciplined management approach and prudent decision-making. Diversification is a key principle of our investment policy, as the plan has holdings across a range of asset types (bonds, equities, real estate), industries, and global markets.

The trustees review the Statement of Investment Policies and Procedures (SIPP) annually, approve asset class ranges and targets, and oversee the management of those assets by the plan's investment manager, the British Columbia Investment Management Corporation (bcIMC).

Global economic growth reached an estimated 5.4% in 2006, its fourth consecutive year of strong growth. Growth was more balanced, with North America slowing slightly, Europe staging a recovery and emerging economies continuing to increase their share of global output. This 'diversification' of global growth is positive for the world economy as it reduces dependence on the large developed economies such as the United States.

Although financial markets remained somewhat unconcerned about market risks, central banks began sounding alarms about inflation accelerating, due to concerns about energy and commodity price rises. Most commodity prices continued to rise early in the year, driven by a combination of rapid growth in demand and limited new supplies coming on-stream. U.S. growth began to slow in the second half of the year, however, energy prices eased and inflation fears receded.

Short-term interest rates continued to rise during 2006-07 as central banks sought to normalize monetary conditions. This reflected their concern that commodity and asset-price inflation might spill over into the rest of the economy. Long-term interest rates changed little from the beginning to the end of the year, resulting in very narrow differentials between short- and long-term rates. For the year, fixed income investment returns realized by the pension fund ranged from 4.3% on money market funds to 6.3% on long-term bonds. Longer-term interest rates have been rising in 2007, suggesting that returns will be lower going forward.

The favourable global economic conditions kept corporate profits strong and growing during the year. In the United States and Canada, profits were at all-time highs as a share of national income. Despite the appreciation of the euro, European profits also grew strongly as firms cut costs and sought cheaper production platforms in eastern Europe. In Japan, profits rose as well as years of cost-cutting began to pay off, even with only marginal improvements in the macro-economic picture.

As a result, most major equity markets performed well in 2006-07, despite experiencing a sharp but brief correction in May and June. Returns on bcIMC's Canadian equity funds ranged from 5.3% to 14.5%. Canadian equity markets continued to be dominated by three sectors: financials, energy and materials, which accounted for about 75% of market capitalization.

Returns on bcIMC's U.S. equity funds ranged from 7.8% to 14.2%. Utilities and telecoms produced the highest sector returns, while health care and technology lagged. Value stocks outperformed growth stocks. The Canadian dollar appreciated 1.2% against the U.S. dollar, and currency hedging produced gains of $400,000 for the fund.

Returns on bcIMC non-North American equity funds ranged from 7.3% in Asia to 25% in Europe. Real estate investments continued to perform strongly, posting returns of 21% for the year.

Overall, the plan's basic account produced an annual return of 11.3% in 2006-07, exceeding the benchmark return of 9.7%. Over the last five years, the annualized rate of return of the basic account was 8.5%, compared to the benchmark of 7.2%. This added value can be attributed to tactical decisions made by bcIMC, within the investment policy parameters set by the board.

Approved Investment Asset Mix

The WCB Superannuation Plan holds a diversified portfolio of debt and equity investments. Diversification of assets and investment styles is an important component of investment strategy for the fund because it decreases investment risk.

The trustees approved the asset mix range in the accompanying table. Targets for strategic and short-term allocation of assets must fall within the approved asset mix. For purposes of the asset mix, short-term includes Canadian government bonds with one-to five-year terms and money market securities.

Basic Account Investment Asset Mix and Performance

March 31, 2007

Asset Class	Approved Range (%)	Actual Assets (%)	Rate of Return (%)	Performance Benchmark* (%)
Fixed Income	**30–50**			
Short-term	0–10	6.4	4.4	4.2
Mortgages	0–10	3.8	6.4	5.5
Bonds	15–35	23.6	5.8	5.6
Real Return Bonds	0–10	4.1	0.7	0.0
Equity	**50–70**			
Canadian Equities	8–22	14.7	12.8	14.2
U.S. Equities	8–20	13.9	10.3	10.1
International Equities	7–20	16.7	18.2	18.9
Real Estate	5–15	12.7	21.0	6.3
Private Placements	0–10	4.1	**	**

* Benchmarks are standards to compare against actual investment returns.

** Private placement performance is measured over the lifecycle of individual investments and therefore a single annual rate of return for a pool is not appropriate.

Investment Portfolio

Investments consist primarily of direct ownership in units of pooled investment portfolios. The units of pooled investment portfolios are valued regularly, based on the fair market value of the underlying assets. In the table below, all portfolios are pooled, except real return bonds, which is directly held.

Investments Held as at March 31, 2007

	Market Value ($ Thousands)	Asset Mix Market Value (%)
Short-term		
Money Market	$ 20,551	2.2
Bonds (1-5 years)	37,489	4.0
	58,040	6.2
Bonds		
Canadian Bond Universe	182,212	19.6
Long-term	35,271	3.8
Real return	37,517	4.1
	255,000	27.5
Canadian Equities		
Indexed	63,823	6.9
Actively Managed	72,409	7.8
	136,232	14.7
U.S. Equities		
Indexed	81,334	8.8
Actively Managed	47,614	5.1
	128,948	13.9
International Equities		
Asia	27,693	3.0
Europe	50,239	5.4
Europe, Australia and the Far East	76,687	8.3
	154,619	16.7
Real Estate, Mortgages, Private Placements and Foreign Currency		
Real Estate	117,534	12.7
Mortgages	35,393	3.8
Private Placements	40,815	4.3
Foreign Currency	1,671	0.2
	195,413	21.0
Total Investments	**$928,252**	**100.0**
2006 Comparison	$ 830,720	

For further information on the investment portfolio, visit the British Columbia Investment Management Corporation website at **www.bcimc.com**.

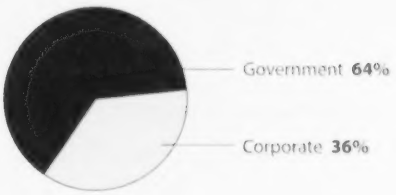
Investments Held as at March 31, 2007

Investments Holdings (Market Value)

$ Millions

Canadian Equities $136.3 15%
Bonds $255.0 27%
U.S. Equities $129.0 14%
International Equities $154.6 17%
Real Estate, Mortgages, Private Placements and Foreign Currency $195.4 21%
Short-term $58.0 6%

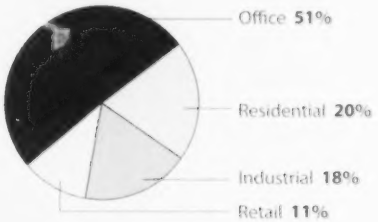
Bonds (Market Value)



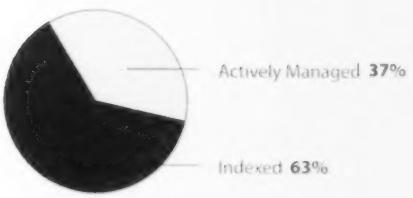
Canadian Equities (Market Value)

Indexed:	A portfolio of securities in approximately the same proportion as a public market index (e.g., Standard & Poor's/Toronto Stock Exchange Composite)
Actively Managed:	A portfolio of securities that is designed to outperform a public market index

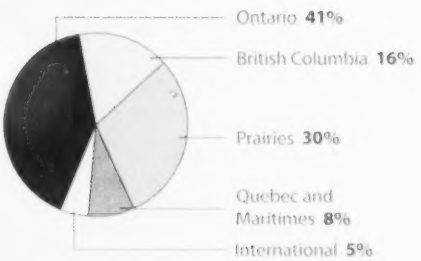
Domestic Real Estate, by Type



U.S. Equities (Market Value)



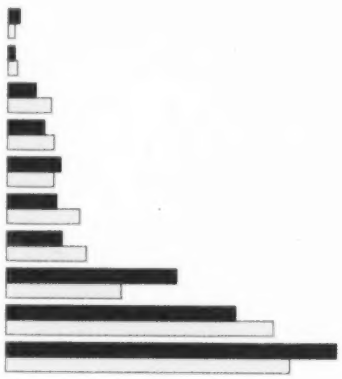
Real Estate, by Location



Investments Held as at March 31, 2007

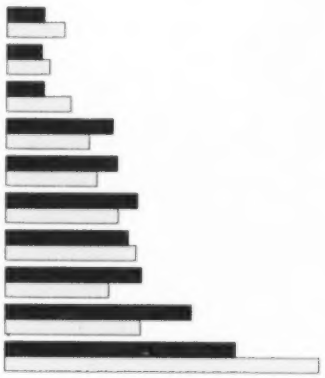
Canadian Equities, by Sector (%)

	Indexed	Actively Managed
Utilities	1.2	0.7
Health Care	0.7	1.0
Consumer Staples	2.9	4.5
Information Technology	3.8	4.8
Telecommunication Services	5.5	4.8
Consumer Discretionary	5.1	7.5
Industrials	5.7	8.2
Materials	17.5	11.8
Energy	23.6	27.5
Financials	34.0	29.2
	100.0	100.0



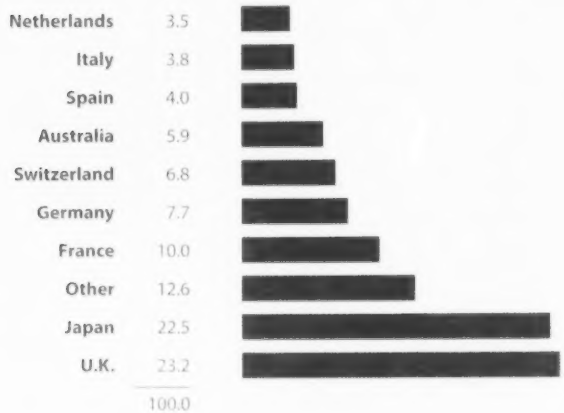
U.S. Equities, by Sector (%)

	Indexed	Actively Managed
Utilities	3.3	5.1
Materials	3.1	3.8
Telecommunication Services	3.3	5.7
Consumer Staples	9.4	7.3
Energy	9.8	8.0
Consumer Discretionary	11.6	9.9
Industrials	10.8	11.5
Health Care	12.0	9.1
Information Technology	16.4	11.9
Financials	20.3	27.7
	100.0	100.0



Investments Held as at March 31, 2007

International Equities, by Country (%)



Top Ten Holdings

Canadian Equities

Company	Market Value ($ Thousands)	% of Total Canadian Equities
Royal Bank of Canada	$ 6,575	4.8
Manulife Financial	6,027	4.4
Bank of Nova Scotia	5,385	4.0
Suncor Energy Inc.	5,354	3.9
Toronto Dominion Bank	5,015	3.7
Encana Corporation	4,721	3.5
Power Corp of Canada	3,659	2.7
Bank of Montreal	3,229	2.4
Canadian Imperial Bank of Commerce	3,146	2.3
Canadian Natural Resource	2,928	2.1
Total Top Ten	**$ 46,039**	**33.8**
Total Canadian Equities	**$136,232**	**100.0**

U.S. Equities

Company	Market Value ($ Thousands)	% of Total U.S. Equities
General Electric	$ 3,406	2.6
Exxon Mobil Corp	3,199	2.5
Citigroup Inc	2,815	2.2
Bank of America	2,522	2.0
AT&T Inc.	2,398	1.9
Microsoft Corporation	2,181	1.7
JP Morgan Chase & Co	1,725	1.3
Altria Group Inc.	1,676	1.3
Pfizer Inc.	1,599	1.2
Ameron International Group	1,586	1.2
Total Top Ten	**$ 23,107**	**17.9**
Total U.S. Equities	**$128,948**	**100.0**

International Equities

Company	Market Value ($ Thousands)	% of Total International Equities
Total	$ 2,305	1.5
Royal Dutch Shell	1,944	1.3
ENI	1,849	1.2
HSBC Holdings	1,757	1.1
Nestlé SA	1,652	1.1
BP PLC	1,571	1.0
Roche Holdings AG	1,538	1.0
Vodafone Group	1,523	1.0
GlaxoSmithKline	1,486	1.0
Novartis AG	1,445	0.9
Total Top Ten	**$ 17,070**	**11.1**
Total International Equities	**$154,619**	**100.0**

Investment Performance

Market Value Rates of Return for the Year Ended March 31, 2007

	Basic Account (%)	Inflation Adjustment Account (%)	Basic Account Performance Benchmarks* (%)	
Annual Rates				
2007	**11.3**	**11.9**	**9.7**	
2006	14.5	14.9	12.2	
2005	7.7	7.8	6.8	
2004	20.7	20.9	23.0	
2003	-9.4	-7.8	-10.2	
Five-year Annualized Rates				
2007	**8.5**	**9.1**	**7.2**	
2006	7.0	7.5	6.1	
Ten-year Annualized Rates				
2007	**8.5**	**8.9**	**7.9**	
2006	8.9	9.2	**	
2007 Annual Rates by Investment Category				**2007 Performance Benchmark* Indices**
Short-term				
Money Market	4.3	4.3	4.2	SCI 91-Day T- Bill
Bonds	4.4	4.4	4.4	SCI Short-term Government Bond
Bonds				
Canadian Bond Universe	5.6	5.7	5.5	SCI Universe Bond
Long-term	6.3	6.3	6.3	SCI Government Long-term Bond
Real Return	0.7	0.5	0.0	SCI Real Return Bond
Canadian Equities				
Actively Managed	11.5	11.5	14.2	S&P/TSX Equity
Indexed	14.5	14.5	14.2	S&P/TSX Equity
Enhanced	13.1	13.1	14.2	S&P/TSX Capped Equity
U.S. Equities				
Actively Managed	7.8	7.8	10.5	R 1000
Indexed	10.5	10.5	10.5	S&P 500
Value	14.2	14.2	14.2	S&P/Citigroup Value
Enhanced	9.8	9.8	10.5	R 1000/S&P 500
International Equities				
Asia	7.3	7.3	8.7	MSCI Pacific Net
Europe	24.6	24.7	24.0	MSCI Europe Net
Europe, Australia and the Far East	18.0	18.0	18.9	MSCI Europe, Australia, Far East Net
Real Estate	21.0	21.0	6.3	CPI + 4%
Mortgages				
Fixed-term	6.1	6.1	5.6	SCI Short-term Bond + 1%
Construction	7.5	7.5	5.1	SCI One-year T-Bill + 1%
Specialty	7.2	7.0	6.6	SCI One-year T-Bill + 2.5%

* Benchmarks are standards to compare against actual investment returns.

** Benchmark not available.

Performance Benchmark Indices Abbreviations

CPI = Consumer Price Index
MSCI = Morgan Stanley Capital International
R = Russell
SCI = Scotia Capital Inc.
S&P = Standard & Poor's
S&P/TSX = Standard & Poor's/Toronto Stock Exchange Equity or Capped Equity

(Source of annual rates: British Columbia Investment Management Corporation)

Financial Health

Active plan members and WCB both contribute to the plan. Every three years, an independent actuary assesses the adequacy of the contribution rates for funding the pension plan. The latest valuation examined the plan as at March 31, 2006, and disclosed a net actuarial surplus of $46 million. In order to strengthen the fund, the Workers' Compensation Board increased the employer's contribution rate by 2% of salary effective December 25, 2003, while maintaining employee contribution rates at previous levels. The next valuation will be as at March 31, 2009.

Latest Actuarial Valuation as at March 31, 2006

$ Millions

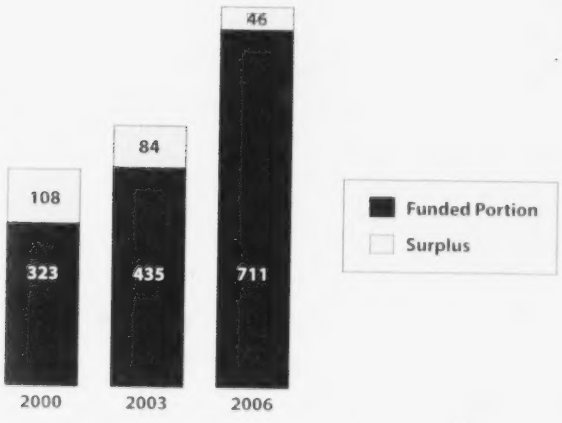
	Basic Pension Benefits		
	2006	2003	2000
Actuarial Net Assets	757	519	431
Actuarial Liabilities	711	435	323
Net Actuarial Surplus*	46	84	108

* After including the $4 million (2003 - $1 million; 2000 - $1 million) of future costs for benefits in excess of the *Income Tax Act* limits, the surplus reduces to $42 million (2003 - $83 million; 2000 - $107 million).

See Note 7 to the Financial Statements for additional explanation.

Funding of the Total Basic Benefit Liability

$ Millions

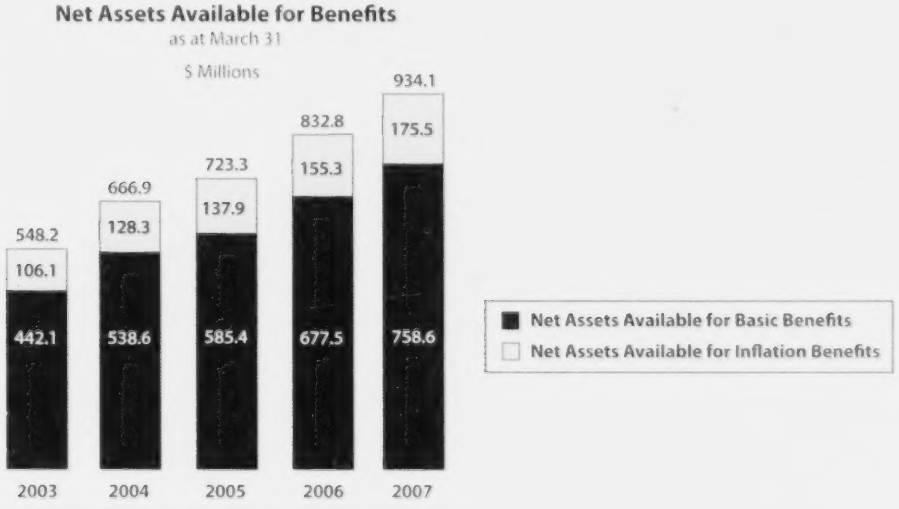


Five-year Financial Summary

$ Thousands

For the year ended March 31	2007	2006	2005	2004	2003
Increase (Decrease) in Assets					
Investment Income (Loss)	**$ 96,281**	$ 106,123	$ 52,328	$ 115,253	$ (54,072)
Contributions					
Employer	**15,025**	13,343	14,026	9,625	3,527
Members	**11,378**	10,021	9,878	9,620	7,009
Transfers from Other Plans	**3,443**	4,382	5,732	5,100	5,693
Total Increase (Decrease) in Assets	**126,127**	133,869	81,964	139,598	(37,843)
Decrease in Assets					
Pension Benefits	**19,646**	17,512	15,682	14,364	12,922
Termination and Refund Benefits	**1,475**	3,200	3,280	3,331	3,710
Transfers to Other Plans	**2,093**	2,412	5,424	1,965	1,120
Investment and Administration Costs*	**1,585**	1,311	1,149	1,192	916
Total Decrease in Assets	**24,799**	24,435	25,535	20,852	18,668
Increase (Decrease) in Net Assets	**101,328**	109,434	56,429	118,746	(56,511)
Net Assets Available for Benefits at Beginning of Year	**832,761**	723,327	666,898	548,152	604,663
Net Assets Available for Benefits at End of Year	**$934,089**	**$832,761**	$723,327	$666,898	$548,152
Investment and Administration Costs as a Percentage of Net Assets*					
Investment Management*	**0.18%**	0.19%	0.14%	0.15%	0.16%
Benefit Administration	**0.07%**	0.06%	0.06%	0.07%	0.05%

* External investment management costs incurred in the investment pooled funds by wholly owned corporations of $724 thousand (2006 - $775 thousa 2005 – $335 thousand; 2004 - $252 thousand; 2003- $260 thousand) are not included in investment and administration costs, but are included in inves ment management costs as a percentage of net assets.



Financial Statements

PENSION CORPORATION

Executive Offices

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Victoria BC
V8W 9V8

Location:
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Victoria BC
V8T 5J9

Phone:
250 387-8201
1 800 663-8823
Fax:
250 953-0429

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN

ADMINISTRATIVE AGENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Workers' Compensation Board Superannuation Plan (Plan) were prepared by the British Columbia Pension Corporation (Pension Corporation), the administrative agent for the Plan. The Pension Corporation prepares the financial statements in accordance with Canadian generally accepted accounting principles and is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada. Other financial information contained in the Workers' Compensation Board Superannuation Plan Annual Report conforms to these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, the Pension Corporation maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The firm of Eckler Ltd. has been appointed the independent consulting actuary to the Plan. The role of the actuary is to complete an actuarial valuation of the Plan in accordance with accepted actuarial practice; the results of the valuation are included in the financial statements.

The firm of KPMG LLP has been appointed the independent auditor to the Plan. The role of the auditor is to perform an independent audit of the financial statements of the Plan in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the Auditors' Report attached to these financial statements.

RON MILLARD, FCGA
Director, Finance
British Columbia Pension Corporation

SANDRA LENZ, CA
Chief Financial Officer
British Columbia Pension Corporation

July 13, 2007

KPMG LLP
Chartered Accountants
St. Andrew's Square II
800 - 730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-3500
Fax (250) 480-3539
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of the Workers' Compensation Board Superann uation Plan

We have audited the statement of net assets available for benefits of the Workers' Compensation Board Superannuation Plan as at March 31, 2007 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at March 31, 2007 and the results of its operations and changes therein for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

July 13, 2007

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

As at March 31	2007	2006
ASSETS		
Investments (Note 3)	$ 928,252	$ 830,270
Receivables		
Members' contributions	1,808	1,028
Employer's contributions	2,659	1,430
Accrued investment income	394	389
Due from sale of investments	1,952	182
	6,813	3,029
Cash	4	1
Total Assets	935,069	833,300
LIABILITIES		
Accounts payable and accrued expenses	376	487
Payable for purchase of investments	604	52
Total Liabilities	980	539
NET ASSETS AVAILABLE FOR BENEFITS	$ 934,089	$ 832,761

All accompanying notes are an integral part of these financial statements.

Actuarial Valuation of the Basic Account (Note 7)
Commitments (Note 10)

Sid Fattedad
Workers' Compensation Board of British Columbia
Trustee

Stuart Smith
Workers' Compensation Board of British Columbia
Trustee

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

For the period ended March 31	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Totals 2007	Totals 2006
INCREASE IN ASSETS					
Investment income (Note 4)	$ 77,740	$ 18,541	$ -	$ 96,281	$ 106,123
Contributions (Note 5)					
Members'	9,510	1,864	4	11,378	10,021
Employer's	13,057	1,863	105	15,025	13,343
	22,567	3,727	109	26,403	23,364
Transfers from other plans	2,658	760	25	3,443	4,382
Total Increase in Assets	102,965	23,028	134	126,127	133,869
DECREASE IN ASSETS					
Pension benefits					
Contributory	16,332	-	122	16,454	14,630
Indexing supplements	3,180	-	12	3,192	2,882
	19,512	-	134	19,646	17,512
Termination and refund benefits	999	476		1,475	3,200
Transfers to other plans	1,608	485	-	2,093	2,412
Investment and Administration costs (Note 8)	1,414	171	-	1,585	1,311
Total Decrease in Assets	23,533	1,132	134	24,799	24,435
INCREASE IN NET ASSETS BEFORE TRANSFERS	79,432	21,896	-	101,328	109,434
Account transfers (Note 6)	1,654	(1,654)	-	-	-
INCREASE IN NET ASSETS	81,086	20,242	-	101,328	109,434
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	677,499	155,262	-	832,761	723,327
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 758,585	$ 175,504	$ -	$ 934,089	$ 832,761

Supplemental Benefits Account (Note 9)

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN

The following brief description of the Workers' Compensation Board (WCB) Superannuation Plan (Plan) is provided for general information only. For more information, please contact the WCB Compensation and Benefits Department.

a) General

The Plan is open to all eligible employees of the Workers' Compensation Board (WCB).

b) Roles and Responsibilities

The Workers' Compensation Board (WCB)
The Workers' Compensation Board is fully responsible for the management of the Plan, including investment of the assets and administration of the Plan. WCB appoints Plan trustees. Currently there are two trustees, one representing WCB as the employer and one representing Plan members.

British Columbia Investment Management Corporation (bcIMC)
bcIMC provides investment management services as an agent of WCB.

British Columbia Pension Corporation (Pension Corporation)
The Pension Corporation provides benefit administration services as an agent of WCB.

c) Contributions

Basic Account
Members contribute 4.5% of salaries up to and including the Canada Pension Plan Year's Maximum Pensionable earnings (YMPE) ($42,100 in 2006) and 6% of salaries above the YMPE, less amounts allocated to the Supplemental Benefits Account (Notes 5 and 9).

The employer contributes 6.5% of salaries up to and including the YMPE and 8% of salaries above the YMPE, less amounts allocated to the Supplemental Benefits Account (Notes 5 and 9).

Inflation Adjustment Account (IAA)
Members and WCB contribute 1.0% of salaries to the IAA.

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (continued)

d) Pension Benefits

All members with two years of contributory service are eligible for a pension benefit.

Members are eligible for unreduced pension benefits:

- at age 65;
- at age 60, with at least 2 years contributory service; or
- at age 55 or older, with age plus years of service equalling 90 or more.

Other retiring members have a reduction formula applied to their pensions.

The defined basic plan benefit is integrated with the Canada Pension Plan (CPP). As a result, the Plan provides an unreduced benefit of 1.3% of pensionable earnings, up to the CPP Year's Maximum Pensionable Earnings (YMPE) and 2% of pensionable earnings over the YMPE, for each year of pensionable service (to a maximum of 35 years). Pensionable earnings are based on the member's highest five-year average salary (HAS).

The Plan also provides a bridge benefit with CPP which is payable to age 65 (or the date of death, if earlier). The bridge benefit is 0.7% of the lesser of the YMPE or the HAS.

Increases to pension payments may be provided each January 1 in accordance with the indexing provisions of the Plan. These increases are based on the annual increase in the Canada Consumer Price Index (CPI) as at the previous September 30, and are subject to availability of funds in the Inflation Adjustment Account (Notes 6 and 7).

At January 1, 2007 retired members received a full CPI increase of 0.7% (2006: 3.4%).

e) Termination and Portability Benefits

A terminating member who is eligible for a pension, but has not reached the earliest retirement age, may choose:

- a deferred pension; or
- a transfer of the commuted value of the pension benefit (the minimum value is the member's contributions with interest) to a locked-in registered retirement savings plan or similar tax-sheltered plan.

A terminating member may also choose to leave monies on deposit in anticipation of future entitlements, or if under 60 with less than two years of contributory service, may choose a refund of contributions with interest.

Where there are portability arrangements between the Plan and other pension plans, members may be able to transfer certain pension rights.

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (continued)

f) Other Benefits

Disability and survivor benefits are also available under the Plan. Supplemental benefits (Note 9) may also be funded from the Supplemental Benefits Account. Under certain circumstances, members may also reinstate or purchase additional service to increase their future pension benefits.

g) Income Taxes

The Plan is a Registered Pension Plan (RPP) as defined in the *Income Tax Act* (Canada), except for supplemental benefits (Note 9), which are funded in addition to the RPP. The Plan is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the Plan as a separate financial reporting entity, independent of the Plan's contributing employer and members. The Statement of Net Assets Available for Benefits shows the assets under control of the trustees of the Plan. It does not purport to show whether these assets are adequate to meet all of the obligations of the Plan. The actuarial valuation of the basic account is included in Note 7.

b) Investments

Investments are stated at fair value and consist primarily of direct ownership in units of pooled investment portfolios. The units of pooled investment portfolios are valued regularly based on the value of the underlying assets. Where available, fair values of these assets are based on public market prices or quotations from investment dealers. Where public market prices or quotations are not available, fair values are derived using valuation methods such as discounted cash flows, earnings multiples, appraisals, prevailing market rates for instruments with similar characteristics and other pricing models, as appropriate. The fair value of derivative contracts is included in the fair value of pooled investment portfolios.

Investment purchases and sales are recorded on the trade date (the date upon which the substantial risks and rewards of ownership have been transferred).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Investment Income

Income from investments is recorded on the accrual basis and represents pooled investment portfolio income attributable to the Plan as a unit holder. The current period change in fair value includes realized and unrealized gains and losses which are included in investment income.

Within the pools, dividends are accrued on the ex-dividend date. Income and expenses from derivative contracts are recognized on the accrual basis. Gains and losses on derivative contracts are recognized concurrently with changes in their fair values.

d) Use of Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases of assets during the period. Significant areas requiring the use of management estimates relate to the valuation of investments and the estimate of the actuarial surplus for the Basic Account. Actual results could differ from those estimates.

3. INVESTMENTS (FAIR VALUE)

	2007			2006
	Basic Account	Inflation Adjustment Account	Total	Total
	($ Thousands)			
Short-term	$ 47,214	$ 10,826	$ 58,040	$ 40,262
Canadian Bonds	208,262	46,738	255,000	231,832
Canadian Equities	110,763	25,469	136,232	150,420
U.S. Equities	104,645	24,303	128,948	127,684
International Equities	126,012	28,607	154,619	134,902
Foreign Currency	1,395	276	1,671	1,402
Mortgages	28,759	6,634	35,393	29,579
Real Estate	95,497	22,037	117,534	92,624
Private Placements	30,942	9,873	40,815	21,565
	$ 753,489	$ 174,763	$ 928,252	$ 830,270

3. INVESTMENTS (FAIR VALUE) (continued)

Plan investments consist primarily of direct ownership in units of pooled investment portfolios managed by bcIMC. Each unit entitles the holder to a proportionate share in the net assets of the pooled investment fund. One or more pooled investment portfolios exist for different types of investments, such as short-term investments, Canadian bonds and Canadian equities.

Short-term investments consist of Canadian and U.S. money market securities, such as treasury bills, with maturities of 15 months or less and short-term bonds with one to five year terms. Canadian bonds consist of government and corporate bonds and debentures. Equities consist primarily of publicly traded shares, and in the case of international equities, refer to investments in the markets of Europe and Asia, as well as key emerging markets. The foreign currency pooled fund engages in the buying and selling of foreign currency financial instruments to enhance returns through the active management of currency exposure.

Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. Real estate investments consist mainly of diversified Canadian income-producing properties. Private placements refer to Canadian and international long-term debt or equity investments made outside the structure of public markets (Note 10).

The mortgages are secured by real estate and are valued using current market yields. Real estate is valued quarterly by bcIMC's external real estate investment managers and at least once every ten to eighteen months, by accredited independent appraisers to establish current market values. Private placements are valued annually based on audited financial statements from private placement external managers.

The Plan also uses derivative contracts held indirectly through various pooled investment portfolios to enhance return, manage exposure to interest rate and foreign currency risk, and for asset mix management purposes. Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates, or exchange rates.

Basic Account Canadian bonds of $627 thousand (2006: $643 thousand) are being held in a collateral account for a future investment opportunity (Note 10).

4. INVESTMENT INCOME

	2007			2006
	Income Allocation	Current Period Change In Fair Value	Total	Total
		($ Thousands)		
Basic Account				
Short-term	$ 1,970	$ 142	$ 2,112	$ 659
Canadian Bonds	8,829	1,022	9,851	11,720
Canadian Equities	1,962	10,420	12,382	25,489
U.S. Equities	2,605	7,498	10,103	12,076
International Equities	2,918	16,608	19,526	18,983
Foreign Currency	54	215	269	(72)
Mortgages	1,322	397	1,719	1,374
Real Estate	834	16,407	17,241	13,892
Private Placements	414	4,123	4,537	1,471
	$ 20,908	$ 56,832	$ 77,740	$ 85,592
Inflation Adjustment Account				
Short-term	$ 430	$ 21	$ 451	$ 160
Canadian Bonds	2,006	222	2,228	2,811
Canadian Equities	442	2,605	3,047	6,317
U.S. Equities	596	1,706	2,302	2,452
International Equities	665	3,820	4,485	4,327
Foreign Currency	11	43	54	(15)
Mortgages	300	90	390	315
Real Estate	191	3,769	3,960	3,324
Private Placements	257	1,367	1,624	840
	$ 4,898	$ 13,643	$ 18,541	$ 20,531
Total Investment Income	$ 25,806	$ 70,475	$ 96,281	$ 106,123

Investment income represents pooled investment portfolio income attributable to the Plan, as a unitholder, and as calculated by bcIMC, and interest income from directly held investments. All income earned within a pooled investment portfolio is reinvested within the portfolio.

5. CONTRIBUTIONS

	2007				2006
	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Total	Total
			($ Thousands)		
Members' contributions					
Regular	$ 9,277	$ 1,824	$ 4	$ 11,105	$ 9,849
Arrears	23	1	-	24	28
Leave of absence	152	38	-	190	144
Reinstatement	58	1	-	59	-
	$ 9,510	$ 1,864	$ 4	$ 11,378	$ 10,021
Employer's Contributions					
Regular	$ 12,828	$ 1,824	$ 105	$ 14,757	$ 13,109
ERIP	-	-	-	-	24
Arrears	22	1	-	23	32
Leave of absence	207	38	-	245	178
	$ 13,057	$ 1,863	$ 105	$ 15,025	$ 13,343
Total Contributions	$ 22,567	$ 3,727	$ 109	$ 26,403	$ 23,364

Member and employer contributions are as defined under the Plan rules.

Member regular Basic Account contributions were $9,281 thousand, of which $4 thousand was allocated to the Supplemental Benefits Account. Employer regular Basic Account contributions were $12,933 thousand, of which $105 thousand was allocated to the Supplemental Benefits Account (Note 9).

6. ACCOUNT TRANSFERS

	2007		2006	
	Basic Account	Inflation Adjustment Account	Basic Account	Inflation Adjustment Account
		($ Thousands)		
Present value of current indexing supplements	$ 1,310	$ (1,310)	$ 5,312	$ (5,312)
Indexing of deferred pensions	344	(344)	391	(391)
Excess Interest	-	-	-	-
	$ 1,654	$ (1,654)	$ 5,703	$ (5,703)

6. ACCOUNT TRANSFERS (continued)

The Inflation Adjustment Account (IAA) is a separate account that is maintained for funding current and future indexing supplements. The IAA is funded through a portion of ongoing employer and member contributions (Note 1e), from investment income earned on its own assets, and from excess interest earned in the Basic Account.

All pension payments are made from the Basic Account. Each year, when members' pension payments are adjusted for current indexing, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current indexing supplements.

When a deferred pension begins to be paid, the present value of the cost of living changes during the deferral period is transferred from the IAA to the Basic Account.

There have been no excess interest transfers to the IAA for the years ended March 31, 2003 through 2007. Excess interest is based on investment income earned on Basic Account assets required for pensions currently being paid, approximately $199.7 million of assets for 2007 (2006: $169.7 million). The excess interest rate of return is determined by taking the difference between the actual five-year annualized market rate of return (8.5%) and the rate of return used by the actuary (6.0%) in valuing the Plan's liabilities. The calculated excess interest rate of return for 2007 was 2.5% (2006: 0.5%) resulting in a positive excess interest amount of $5.0 million (2006: $0.8 million). The cumulative negative excess interest amount of $8.2 million will be offset against future positive excess interest amounts before positive excess transfers will resume.

	2007	2006
	($Millions)	
Cumulative negative excess interest, beginning of year	$ (12.2)	$ (12.2)
Interest applied to beginning of year amount	$ (1.0)	(0.8)
Excess interest	$ 5.0	0.8
Cumulative negative excess interest, end of year	$ (8.2)	$ (12.2)

7. ACTUARIAL VALUATION OF THE BASIC ACCOUNT

An actuarial valuation of the Plan's assets and pension obligations is performed at least every three years by an independent actuary. Its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan.

The Basic Account is the account from which the defined basic benefits of the Plan are paid. It is also the account from which any indexing that has been granted to retired members is also paid. Future indexing benefits are not guaranteed within the Plan provisions and are granted to

7. ACTUARIAL VALUATION OF THE BASIC ACCOUNT (continued)

retired members only to the extent that sufficient assets are available from the IAA to fund those benefits. As indexing is granted, the Basic Account receives from the IAA the necessary net present value funding for the granted indexing. Therefore, accrued basic pension benefits for valuation purposes includes the liability for all indexing granted to the date of the valuation, but not for as yet unknown future indexing.

The latest full actuarial valuation was made as at March 31, 2006, by Eckler Ltd., the results were as follows:

As at March 31	2006	2003
	($ Millions)	
Net assets available for basic pension benefits	$ 677	$ 442
Five year market value smoothing adjustment	(61)	77
Net actuarial assets for basic pension benefits	616	519
Liability for accrued basic pension benefits	(574)	(436)
Actuarial surplus	$ 42	$ 83

The main changes between the 2003 and 2006 valuation are as follows:

	($ Millions)
Actuarial surplus as at March 31, 2003	$ 83
Investment income lower than actuarial rate of return	(30)
Actual contributions less than normal cost rate	(8)
Changes in investment and salary assumptions	(28)
Interest on surplus	17
Salary increases lower than assumed	9
Other actual experience different than expected	(1)
Actuarial surplus as at March 31, 2006	$ 42

Based on the results of the 2006 valuation, the actuary determined that no change in contribution rates was necessary for the Plan to maintain its proper financing.

The next full actuarial valuation will be as at March 31, 2009 for inclusion in the March 31, 2010 financial statements.

The liability for accrued basic pension benefits at the valuation date is determined using the projected benefit method prorated on service. Net assets are valued using five-year market value smoothing. For accounting purposes, an estimate of the actuarial position between valuations is required. This estimate, called an extrapolation, has been made to March 31, 2007, using the following long-term actuarial assumptions:

- annual investment return 6.0% (2003 : 6.5%)
- annual salary escalation rate 3.0% (2003 : 3.5%)

7. ACTUARIAL VALUATION OF THE BASIC ACCOUNT (continued)

Extrapolations may not be reliable indicators of the next valuation results nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increase, investment earnings and the incidence of retirements, withdrawals, etc. may vary significantly from the long-term assumptions used in the extrapolation.

No unfunded liability exists for the LAA, since the obligation for future indexing benefits is limited to the amount of the available assets in the account.

8. INVESTMENT AND ADMINISTRATION COSTS

	2007	2006
	($ Thousands)	
Investment Management	$ 917	$ 800
Benefit Administration	470	433
Other Professional Services	198	78
	$ 1,585	$ 1,311

bcIMC is a related party to the Plan as WCB is represented on bcIMC's Corporate Board.

Costs for investment management services charged by bcIMC include costs for the recovery of internal and external investment management fees except those external management fees related to corporations wholly owned by the investment pooled funds.

Investment management costs of $724 thousand (2006: $775 thousand) representing the external management costs incurred by wholly owned corporations of the investment pooled funds are not included in the above amount.

Benefit administration costs represent amounts charged to recover benefit administration costs incurred by the Pension Corporation. These costs are approved by WCB.

Other professional services include actuarial and audit fees.

Separate from the Plan, the Workers' Compensation Board pays directly for the medical plan and extended health care premiums for retired members and their dependents. For the year ended March 31, 2007 this amounted to $1,585,775 (2006: $1,635,537).

9. SUPPLEMENTAL BENEFITS ACCOUNT

The Supplemental Benefits Account is the account through which certain supplemental benefits are funded. For example, pension benefits which exceed *Income Tax Act* (Canada) limits for registered pension plans are paid through this account.

10. COMMITMENTS

The Plan participates in private placement and international real estate pools that are managed by bcIMC. As at March 31, 2007, the Plan's share of commitments (over the next several years) for future investment contracts in these pools is approximately $41.4 million (2006: $39.2 million).

bcIMC has established a collateral account pledged as security for a future investment opportunity that will not be funded until 2009. As at March 31, 2007, $627 thousand of Basic Account Canadian bonds are being held as collateral for an investment commitment of $542 thousand.

11. FINANCIAL INSTRUMENTS

The Plan's investments are recorded at fair value. Other financial instruments consist of cash, accounts receivable, accounts payable and accrued expenses. The fair values of these financial instruments approximate their carrying values.

Fair values of investments are exposed to price risk and credit risk. Price risk is comprised of currency risk, interest rate risk, and market risk. Foreign currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract.

Foreign Currency Risk
Foreign currency exposure arises from the Plan's holdings of foreign currency denominated investments and related derivative contracts. Foreign currency forward contracts are used to manage a portion of the currency exposure. A foreign currency forward contract is a contractual obligation either to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate.

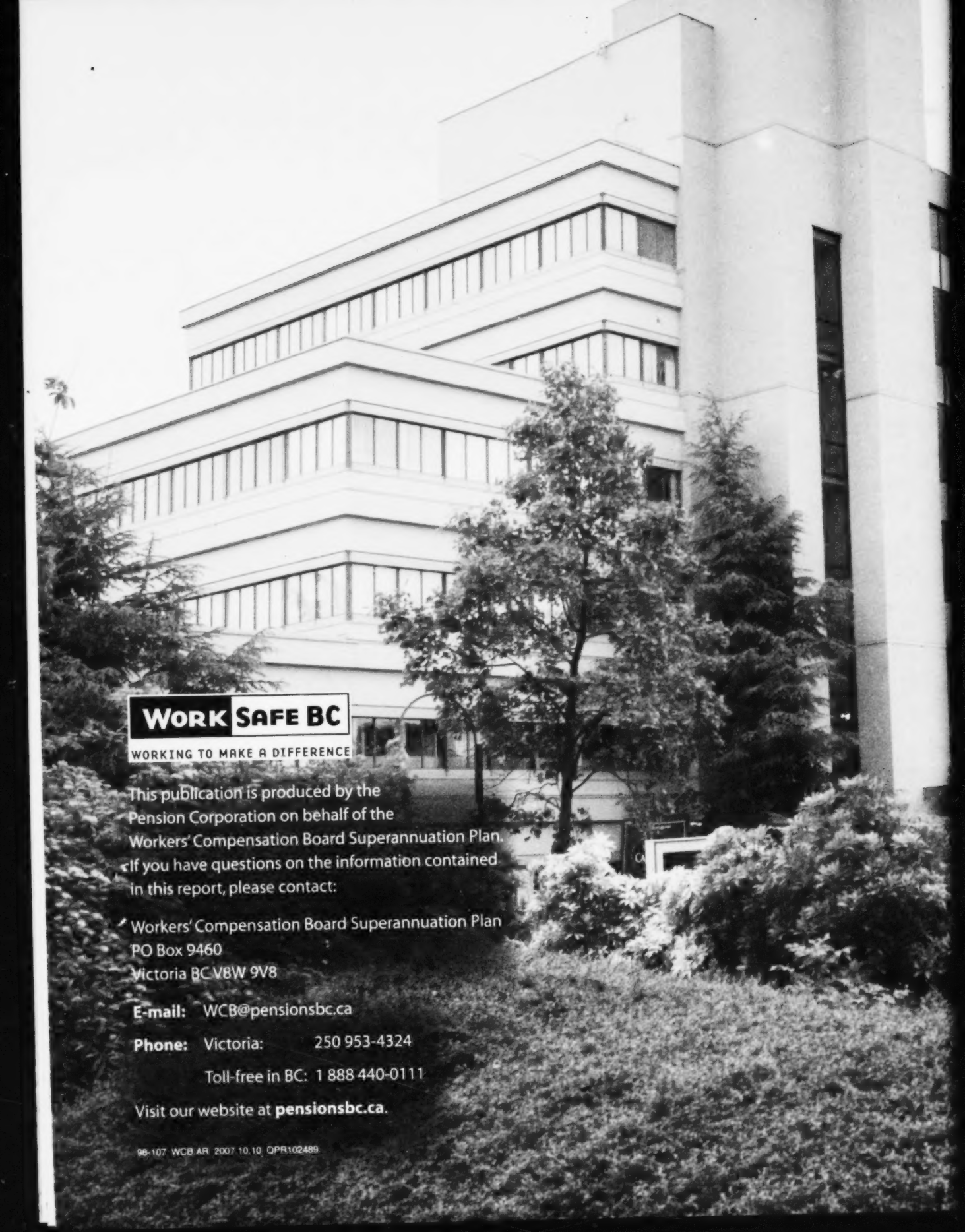
Interest Rate Risk
The value of the Plan's assets is affected by changes in interest rates and their effect on capital markets. Actuarial liabilities are affected by changes in long-term market interest rates.

Market Risk
WCB approves the long-term asset mix policy for investment assets and oversees the management of these assets through WCB's investment management agent, bcIMC. Market risk is reduced through asset class diversification, diversification within each asset class and credit quality constraints on fixed income instruments.

11. FINANCIAL INSTRUMENTS (continued)

Credit Risk

The Plan limits derivative contract credit risk by dealing principally with counterparties that have a credit rating of A or higher as rated by the Dominion Bond Rating Service or equivalent.



WORK SAFE BC

WORKING TO MAKE A DIFFERENCE

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